

Position Paper Two of

Peace With Prosperity:
Examining the Impact of Movement
Restrictions on the Palestinian Economy

Recommended Solutions to Improve the Efficiency of
the Trade Crossings between Israel and the West Bank

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Introduction

The trade crossings between Israel and the West Bank serve as a vital channel for the Palestinian market. However, since the outbreak of the Second Intifada in 2001 the Palestinian trade relations with Israel deteriorated significantly.

The Palestinian economy relies almost completely on the Israeli market and the trade between both sides amounted to 15 Billion NIS in 2008 (80% Israeli export, 20% Palestinian export). The improvement of the Palestinian economy is an integral part of the negotiations between both sides and will also show a direct outcome of them.

As a result of the Wall/Fence, the deteriorated security conditions, and the measures taken by Israel to tighten its control on movement from the West Bank to Israel including movement of goods, the passages became crowded. This situation caused the slow movement of transportation, damage of some specific products, and a rise in the cost of goods, that are a direct result of logistic costs.

The following paper is the first out of two and its aim is to examine the existing conditions on the crossing passages between Israel and the Palestinian Occupied Territories, and present recommendations how these conditions could be improved in the short and medium periods, without prejudice of the outcome of any future negotiations between Israel and the PLO on the final status agreement, including the final borders between both sides and the arrangements of the fluidity of goods and materials between both sides as is the usual normal situation between two neighbouring countries. The second report will focus on the crossings between Israel and the Gaza Strip.

Recognizing the existing problems at the trade-crossings, this paper provides suggestions as to improving the functioning of the crossings and subsequently increasing the volume of trade.

In addition it will also focus on the issue of how to deal with delicate commodities (such as liquids, explosive materials etc'.) which require special treatment during the movement from one side of the crossing to the other side. A number of possible solutions are offered in this regard, as are recommendations for increasing the infrastructure to respond to the needs of all commodities passing through the trade-crossings, including the construction

of logistic centres adjacent to the trade-crossings that will provide easier logistic access to the users and staff at the crossings.

The last chapter of the paper deals with cooperation between Palestinians and Israelis at the trade-crossings, including recommending a presence of Palestinian customs officials. Most of the members of the Palestinian-Israeli working group agree with the conclusions presented, however a minority of members had reservations due to the fact that they did not believe that the topic should even be considered in this paper.

Beyond this, the paper considers security issues through an examination of the existing conditions at the trade-crossings and an analysis of alternative options to improve them.

The Palestinian and Israeli group members believe that the implementation of a number of the recommendations outlined in this paper will have a significant contribution to both economies and the relations between the two peoples. They sincerely hope that the respective decision-makers on both sides will make use of this joint paper and implement new policies accordingly.

Acknowledgements

This paper has been undertaken by an Israeli- Palestinian working group, under the auspices of the Peres Centre for Peace and the Palestine Centre for Strategic Studies (PCSS). The working group has been engaged over the past year and a half in identifying and defining the main difficulties regarding movement and trade restrictions within the West Bank and between Israel and the West Bank, both from the internal Palestinian viewpoint and in regard to Israeli-Palestinian relations.

The working group released its first paper in April 2008, which included a detailed analysis of the internal Israeli Military checkpoint regime in the West Bank and recommendations to remove ten key checkpoints in the West Bank because their removal would not affect the Israeli security. The paper was published and can be downloaded via the Peres Centre website:

<http://www.peres-center.org/SectionPage.asp?cc=0110020209>

The working group comprises both Palestinian and Israeli members, among them: Mr. Ziad Abu Zayyad from Palestine Centre for Strategic Studies, Mr. Nasir Tahboub, Deputy Minister, the Palestinian Economic Ministry; Mr. Wajih Atari from the Palestinian Civil Affairs Ministry; Mr. Jebreel Al Bakri, Former Officer in the Palestinian Preventive Security Forces; Dr. Ron Pundak, Director General, The Peres Centre for Peace; Mr. Adi Ashkenazi, Director of the Business and Economics Department, The Peres Centre for Peace; Mr. Ruby Yanir, Project Manager, The Peres Centre for Peace; Brig. Gen. (Res.) Dov Sedaka, Former Head of the Civil Administration in Beit El and Advisor to the Economic Cooperation Foundation (ECF); and Gen. (Res.) Ilan Paz, Former Head of the Civil Administration in Beit El and Advisor to the Economic Cooperation Foundation (ECF).

Dr. Avraham Amiel also contributed significantly to the paper, providing a status report regarding the four crossings examined.

The Peres Centre and the PCSS are sincerely grateful to the Danish Embassy in Tel Aviv, for their ongoing support of this joint project.

Testing the Current Situation

This paper will deal with the four major crossings presently utilized between Israel and the Palestinian Authority, situated along the “seam line”, with a view to examining the present circumstances and offering possible scenarios to enhance the volume of goods passing through these four crossings:

1. The Gilboa – Jalameh crossing, opened in June 2006
2. The Bradley – Chas am Tahoe crossing, opened in August 2007
3. The Sha'ar Ephraim – Taibeh crossing, opened in January 2006
4. The Tarqumya crossing, opened in October 2007.

In 2005, Shaul Mofaz, Former Chief of the IDF and at that time the Defence Minister, established the Crossing Authority. The Authority took responsibility from the army for the day-to-day activity at the crossings, and to this day, continues to manage the crossings.

Today, the passage of most goods at the crossings is conducted according to the “Back-to-Back” procedure, whereby there is no direct transfer of goods from one side to the other by the original vehicle. Effectively, a Palestinian truck can bring the goods to the Palestinian side of the crossing and an Israeli truck can then continue the journey into Israel with the goods, and vice versa. The trade crossing points are where the exchange of goods from one truck to another takes place.

There are a number of plans concerning future development of the different crossings which will dramatically increase activity at the crossings as well as the volume of trade between Israel and the Palestinian Authority (130,000 tons of goods passed through the four crossings mentioned above from November 2007 to November 2008.)

Chapter 1: Potential for Diversified Transportation of Goods at Border Crossings

The border crossings established by the State of Israel along the separation Wall/fence in order to allow Israeli-Palestinian trade and Palestinian trade with the rest of the world through Israeli ports are new, and in effect function as developing learning facilities.

The border crossings currently permit movement of most goods, but at the same time, this response is incomplete. Some types of goods require special treatment and a creative solution.

The goods can be categorized on the following basis:

- A. Goods with a long shelf life, such as aggregates, marble, and stones; and goods with a short shelf life, such as agriculture, meat and dairy products.
- B. Goods requiring standards authorization, such as agricultural products, pharmaceuticals, and other food, and goods that do not require such authorization.
- C. Goods that must pass through the main border crossing for products that can be physically diverted from the crossing to a nearby space, such as cement, fuel, bulk goods, and aggregates.
- D. Goods requiring a creative technical solution, such as explosives for quarries, chemicals and insecticides.

The current solutions for these goods are inadequate, and provided under special arrangements, or are not provided at all. A permanent general solution is required for all types of goods. This section discusses a number of practical ideas that can be implemented immediately, or used as a basis for devising an effective solution.

The recommendations:

1. Goods with a short shelf life that require refrigeration are at high risk, and are sensitive to any delay at the border crossing. In order to deal with this problem, a solution involving exclusive transportation of these products in refrigerated shipping containers is required. This mandates the preparation of a parking area with electrical outlets for trucks to make it possible to leave one until it can pass through the crossing. Such parking must

be part of the border crossing's infrastructure, regardless of whether logistics centres also capable of providing refrigerated storage, and directly connected to the crossing centre.

2. Goods requiring authorization from official institutions, such as the Ministry of Health, Veterinary Services, and the Ministry of Industry, Trade and Labour, require handling before they arrive at the border crossing.

The solution for goods of this type must be within the border crossing, but not by the main route. An office with parking must be built at the side of the border crossing, where the documents will be checked, tests conducted, and the signature procedure for the goods carried out. This will allow all the clarification procedures to be concluded and the approved documents obtained before arrival at the border crossing.

Alternatively, such a procedure can take place at a logistics centre next to the border crossing.

3. Chemicals, explosives for quarries, and insecticides, which can potentially be used to manufacture weapons, should be accorded a creative solution before arriving at the border crossing. The number of trucks carrying such materials is estimated at dozens per month.

One idea is the involvement of a third party in overseeing the use of the materials. A third party serving as a "security trustee" will be authorized and trained by both sides. One example could be European, International, or other arrangement acceptable to both sides.

A special solution can and should be devised for each product. The following are some examples:

A. Plants using high concentrations of chemicals as raw materials will be checked individually by the security trustee, and a lower concentration of these materials will be set in coordination with those responsible for environmental protection in the Civil Administration.

A practical example is the work done by the ECF with the NAPCO aluminium factory in Nablus. The result was a change in the concentration of the chemical to a level acceptable to the Israeli security and environmental agencies.

B. Technological solutions capable of satisfying the requirements in this matter such as installing of cameras in plants or installations on the Palestinian side for packaging the material, so that Israeli or international security agencies, as agreed by the parties, will be able to perform remote inspection of the use of hazardous materials within the plants.

C. Explosives for quarries are an essential material for making the quarries function.

Since the entry of explosives was discontinued, work at the quarries has been done with earthmovers, and profits have declined.

This product is one of the leading Palestinian exports to Israel, and is therefore important to both the Palestinian and Israeli economies.

We propose to limit the use only to liquid explosives, with the security trustee being obligated to closely supervise it and accompany it to its destination. Transportation of the material will be in Israeli trucks driven by Israeli Arab drivers.

4. Bulk goods are mostly handled partly at the border crossings in the back 2 back method, Although some of these materials, which include seeds for animal fodder, wheat, and other goods arriving in bulk, still delivered by the door-to-door method on trucks driven by Israeli Arabs.

For these types of products, a correct solution would be one currently existing at the Karni (al-Montar) border crossing, in which conveyor belts transfer goods at all hours of the day and night, at minimal security risk. These bulk conveyor belts are also recommended at all border crossings for light aggregates (gravel and sand).

It is possible and recommended that a private civilian entity set up these conveyor belts, preferably a joint venture by Israeli and Palestinian entities.

Another correct solution is increasing the use of silo facilities and installing them at all border crossings for transporting various seeds, such as wheat, barley, and animal feed mixtures, similar to the silo facilities built at Jalameh and Tulkarm for transportation of cement.

5. Another family of products is those of exceptional length or weight. For these goods, a solution using the existing infrastructure is complicated, and sometimes impossible. In order to highlight the problem, consider the large heavy quarry stones (15-20 tons), also called boulders, required for building wave breakers at Ashdod Port, and the 6 meter-long glass plates weighing several tons, which require particularly special and sensitive handling.

For this type of goods, we recommend using open shipping containers (no covers), but the most efficient solution would be changing horses from trucks and equipping the crossings with proper sensor devices adjusted to this sort of commodities.

Summary

A general recommendation pertaining to a large proportion of the solutions that we have outlined in this section is separation of the goods requiring special handling from the main artery of the border crossing, and construction of the silo unit separately from the area for transporting fuel, and separately from the area for handling chemicals and other hazardous materials. This separation is based on experience at the Karni (al-Montar) border crossing, where it facilitated continued operation of the border crossing and transportation of fuel even when the crossing was closed for security reasons. It also made it possible to continue the regular passage of bulk goods using conveyor belts even when it was impossible to let labourers into the border crossing for security reasons. This is unquestionably also true for transportation of aggregates outside the border crossing itself.

Another general matter we wish to emphasize is the need to encourage the use of shipping containers for transporting goods as a matter of policy, together with the installation of container x-ray's machines at all border crossings. Containers eliminate the need for large spaces, because they can be loaded to a great height, and also solve the problem of depreciation of goods caused by back-to-back transportation of pallet's and other methods, which amount to up to 5% of the value of the goods.

Also in this context, we note the saving in transportation time, amounting to up to a third of the time required for transporting pallets.

Chapter 2: Security

The team does not purport to present the changes required in the security checks at the border crossings. In our opinion, however, two important questions require significant change, which can not only raise the level of security checking, but also streamline and shorten the checking procedures.

Passage of Palestinian merchants:

The team recommends presenting Palestinian merchants, should they wish, to accompany their goods on entry to Israel to undergo a fast track check, making the duration of their passage correspond to that of the security checks for their goods.

Known traders:

The team recommends that the parties develop and expand the security idea underlying USAID advisor Audrey Adams's proposal for development of a channel for checking goods based on cooperation, trust, and a chain of secure and safe movement for transporting goods to Israel through the border crossings.

The idea is based on the assumption that based on trust and remote inspection, it is possible to carry out part of the security check within the manufacturing plant and transport the goods in a secure manner, thereby shortening the security check procedures at the border crossing itself.

Border crossings for Israelis as a weak point in security

Large part of the border crossings, currently exist for the movement of Israelis only through the wall/fence. These crossings are the Te'anim, Eliyahu, Rantis, Maccabim, el-Za'ayem, Hizma, Hosan, Tunnels, and Yatir crossings. Most of the Israeli population, both those who live on the West Bank and those who do not, including the Israeli Arab population, passes through these crossings. A large volume of goods also passes through these crossings on trucks with Israeli license plates. Some of these goods are Palestinian goods. This is how those wishing to evade the requirement that Palestinian goods pass through the border crossings allocated for that purpose do so. The checking of both goods and the travellers is perfunctory and random.

The team recommends taking measures to limit this breach for small scale furniture or handcrafts, and divert substantial amounts to the crossings, even if this step causes opposition among the Jewish population living in the territories.

The recommended methods are:

1. The passage of goods at the border crossings for Israelis will require a legal Israeli bill of loading.
2. Bringing goods into the territories will also require presentation of a legal bill of loading.
3. The passage of travellers through the border crossings for Israelis will require presentation of an ID card or a passport for tourists.

This measure can be implemented only in full cooperation with the relevant Palestinian Authority (PA) Ministries or entities.

Summary

The known traders plan is a particularly dramatic change, because it terminates Israel's sole responsibility for checking goods entering Israel. Even if this fact requires a change of concept, we believe that it is necessary if Israel wishes to explore genuine ways of permitting normal trade movement between the two sides of the Green Line.

Tighter security and customs control at the border crossings for Israelis will arouse great opposition among Israeli Jewish settlers residing on the West Bank. Despite this opposition, the current large-scale security breach makes this "unpopular" measure necessary, and even essential.

Chapter 3: Israeli-Palestinian Cooperation in the Activity of the Border Crossings

Formal establishment of the four Crossing's mentioned in this work began after the outbreak of the second intifada and during an accelerated construction period of the separation Wall/fence. Their establishment was decided because of an Israeli recognition of the importance for both sides to continue trade relations, and it allowed Israel to have a better control and supervision.

This section deals with the importance of cooperation between Israel and the PA in all matters pertaining to activity at these border crossings, in recognition of the importance of such a mechanism in which the two sides have a joint interest.

This cooperation will also contribute directly to work relations between Israel and the PA, and will enhance economic relations between both sides.

The Nature of cooperation between both sides in the Crossings:

1. Expansion of cooperation between various government ministries in Israel and the Palestinian Authority

Establishment of a coordination mechanism between the government ministries will facilitate effective inspection of the passage of goods through the crossings, definition of various standards, proper estimation of the volume of activity, and prevention of activity by foreign elements disruptive of effective work at the crossings. A prominent example of the importance of such coordination is the pharmaceutical trade. The absence of any inspection of the passage of drugs from Israel to the PA makes possible trade in both pharmaceuticals that do not meet appropriate standards, and those whose expiry date has passed. Beyond the direct damage to the Palestinian importers, such trade endangers human life.

The expansion of the Palestinian Ministry of Civil Affairs to include a diversity of divisions dealing with different aspects of economical and trade relations with Israel may help in this regard.

2. Establishment of joint situation rooms that can provide an immediate answer to any problem at the various border crossings

The lack of coordination between the Israeli side and the Palestinian side is a factor delaying the passage of goods and causing inaccurate assessment of the nature of the activity. As a result, passage times are longer, causing a decline in the potential volume of activity. One possible solution is the establishment of a situation room manned by Israel and Palestinian personnel with suitable training, who will be able to deal in a variety of matters of an economic and security nature. A very successful model of this kind of cooperation formerly existed at the Karni (al-Montar) border crossing.

3. Establishment of joint meeting rooms for Israeli and Palestinian merchants and businessmen

Establishment of meeting rooms located on the sites of the border crossings will serve as meeting points for Israeli and Palestinian merchants and businessmen, and facilitate the generating of business opportunities for the two sides, arrangement of payments, exchanges of information, etc. It will also promote discussion of existing problems, and finding immediate solutions for them.

4. Palestinian involvement in the approval and issue of passage and trading permits

Like all Palestinians, Palestinian businessmen and merchants require passage permits in order to enter Israel. The Israel Civil Administration on the West Bank issues the various permits. Creating a cooperation mechanism in this area will enable the PA to directly influence a major part of the Palestinians' lives. Such activity is of enormous importance in positioning the PA as an extremely influential and relevant factor, thereby bolstering the Palestinians' belief in its power and necessity. Furthermore, such involvement will facilitate joint Israeli-

Palestinian supervision of the number of Palestinians entering Israel, and proper evaluation of the employment potential for Palestinians in Israel.

In this context, the importance of increasing the number of work and BMC (senior businessmen) permits currently granted by Israel should also be noted. Increasing the quantity of such permits has a direct bearing on the business and economic ties between Israel and the PA, and consequently on increasing the volume of business between the two sides. Israel has a substantial interest in the stable growth of the Palestinian economy, due to its great effect on Israel in both the security and economic spheres.

5. Presence of Palestinian customs duties agents

The 1994 Paris agreements stated the need for a Palestinian customs apparatus, and the stationing of customs agents at the Allenby Bridge crossing in the initial stage, and later at additional border crossings. The presence of the Palestinian Custom agents was discontinued when the second intifada began.

As noted in Section 4, which addresses Palestinian involvement on the subject of permits, this area also has great symbolic significance, because customs activity directly demonstrates the sovereignty of the ruler and the obligations of its civilians to observe the rules pertaining to this matter.

Beyond this, this question has far-reaching economic consequences, since an entity manages its budget and economic activity according to its income, a large proportion of which comes from customs duties. The Palestinian dependence on Israel in this matter complicates the PA's efforts at effective budget planning, and therefore limits its ability to plan future activities and implement current plans. In addition, Israel is exploiting its custody of the Palestinians' revenue, and using it as a means of pressuring the Palestinian government. This type of pressure has never proven effective, and its results are more detrimental than helpful to Israeli interests.

If the mentioned above offer will not be possible, the team also recommends another option. To allow Palestinian Custom officers to be present at Israeli ports, in order to cooperate with them regarding commodities destined to/from the Palestinian Authority.

6. Establishment of an inspection mechanism for transportation and shipping of goods

A key element in trade takes place before the passage of goods – the time between production and passage. The sphere of transportation of goods is completely uncontrolled; no entity is supervising it. This means that the cost of transporting goods, particularly from Israel to the PA, is extremely high, and has a direct bearing on both the ability of merchants to maintain and increase their business and the cost of the goods. The establishment of a joint Israeli-Palestinian mechanism for transportation and shipping will help deal with these problems and facilitate the devising of an orderly and even more importantly, competitive, system of rules. This is important in order to foster competition, which will reduce trade costs and benefit all of the parties involved.

Summary

A number of important goals can be promoted through joint Israeli-Palestinian cooperation at the border crossings and division of authority.

1. Positioning the PA as an authoritative governing entity for the Palestinians is an essential interest for both Israel and the PA.
2. Close Israeli-Palestinian cooperation and coordination will directly increase the quantity and volume of goods passing through the border crossings, thereby making a significant contribution to the Palestinian economy.
3. Since there is currently no supervision of the transportation of goods, prices are set arbitrarily, in opposition to market forces. The result is high costs and direct damage to both the manufacturer and the consumer. An establishment

of a mechanism that will be responsible to supervise this matter will effect directly on costs and efficiency of shipping.

4. Effect and joint inspection by Israeli and Palestinian agencies at the border crossings will facilitate accurate estimate of a given situation in trade and employment, and lead to the creation of more accurate policy in trade and employment. In addition to analysis of the existing situation, inspection will make it possible to evaluate the potential of activity at the border crossings in the future.
5. Security cooperation in all matters pertaining to checks at the border crossing will significantly ease conditions in the following areas: crossing times, crossing costs, etc. All of these have a direct effect on the volume and quantity of goods passing through the border crossings, and thereby also on economic welfare.

Chapter 4: Logistics Centers near the Border Crossings

The question of the logistics crossings involves many advantages and disadvantages, and is not clear-cut.

From our familiarity with the border crossings existing between many countries around the world that do not share free trade zones or any confederation or customs union between them, we know that such crossings usually have adjacent spaces for logistics organization.

A unique situation exists between Israel and the Palestinian Authority (PA): a combination of an integrated customs envelope with border crossings created as a result of the security situation.

The creation of these border crossings has in effect brought about a technical situation similar to that between countries around the world in which goods pass through an economic bottleneck that generates additional costs stemming from the lengthening of the transportation time between seller and buyer, the use of additional means of back-to-back transportation, additional loading and unloading payments, and depreciation costs on the goods resulting from the process.

As construction on the separation Wall/fence between Israel and the PA nears completion, the channelling of goods to the border crossings is becoming effective, and the number of trucks transporting goods through them is rising. The border crossings are therefore becoming a significant bottleneck, creating long lines, a need for transportation solutions for unique goods, and other needs described in this document.

In this section, we will focus the discussion on the need for logistic centres, their advantages and disadvantages, and defining the functions that these centres must fulfil in order to contribute to the effort to promote trade and avoid becoming an obstacle.

An important assumption in listing the advantages and disadvantages is that the logistics centres are particularly essential on the Palestinian side of the border, due to the bottleneck naturally created in this direction by the need for security checks and the weak flow of information between the Israeli operators of the border crossings (the service providers) and the Palestinian consumers.

At the same time, despite the above, in some of the matters to be described, we will be able to distinguish the existence of a need on the Israeli side.

The Advantages of Building Logistics Centres

The following is a list of the advantages. The sources of information in this area stems from the needs of the users of the border crossings, including drivers and large merchants. This chapter will also relate to the Palestinian Authority (PA) view regarding this issue.

- A. Bridging the gap between the existing working hours and those required by the consumers** – At present, the border crossings operate at set times, as can be seen in the section portraying the current situation. The consumers, however, require logistics continuity in order to reduce costs and fulfil the customers' needs. Given this problem, a logistics centre will facilitate a continuous flow of goods and optimal use of working hours, including the storage of goods in warehouses and cooling facilities.
- B. Streamlining of registration procedures** – At present, the registration process takes place when the truck reaches the border crossing, resulting in inherent pressure on the border crossing workers and the creation of a convoy of waiting trucks. The existence of a logistics centre will make it possible to conduct registration based on an organized entry into the parking lot, without the waiting line blocking the road. This will facilitate a slow release of trucks toward the border crossing without drivers crowding around the service providers. We note that a procedure of this type existed near the Karni (al-Montar) border crossing in 2005, to the convenience of consumers from both sides.
- C. Consolidation** – The process of consolidating a number of shipments of goods from different sources into a single shipment. The need for a space for consolidation is relevant to all goods sent in small shipments, or by various suppliers, to the same destination. One important example of this type of goods is handicrafts, which includes handmade items for tourists and fragile ceramics, glass, and other products made mostly in Bethlehem and Hebron. These are marketed in limited quantities at relatively low prices.

For goods of this type, the possibility of adding them to a number of shipments from other suppliers in order to maintain their competitiveness in the market and preserve the manufacturer's profit is very important

- D. Packaging goods according to the needs of the border crossing and the security requirements** – Many goods reaching the border crossing are not packaged according to the border crossing's changing requirements (sometimes they arrive in bulk, and require packaging). In addition, high quality packaging after the goods are consolidated near the border crossing or improvements in the packaging after transportation from the factory is needed. There is currently no platform for packaging – neither in terms of infrastructure, nor the necessary packing equipment and materials. This generates major depreciation of the goods, which translates into costs.
- E. Veterinary inspection and Fitosaniterian tests for agricultural products** – At present, there is no testing laboratory at the border crossing; tests are performed at laboratories in Israel. This obviously requires either complex operations of taking samples and waiting for days until the results are obtained as a basis for the shipment leaving the manufacturer, or taking a risk by admitting arriving goods for which there are no test results directly into the border crossing. It is clear that locating laboratories nearby in a logistics centre can provide an immediate solution for testing, ease the Palestinian marketing procedure, and avoid any risk to the customer.
- F. Increased use of containers** – The use of containers is preferable from a security standpoint. Containers make it possible to have the goods signed after testing, and facilitate relatively quick handling of their transportation. The existence of logistics centres will make it possible to increase the use of containers, due to the ability to save on user fees as a result of the shorter use time, following the loading and unloading of the goods onto pylons and into other packaging near the border crossings. At present, the goods must be transported to the consumer. This process takes more days, and increases costs (demurrage).
- G. Conditions of staying over and a business centre** – There is no doubt that carrying out transactions, transferring money, signing contracts, etc. requires a defined area

(business centre), which at present does not exist in the vicinity of the border crossings. A logistics centre is also required in order to provide road services for the convenience of drivers and businessmen, including an area protected against weather damage, with bathrooms, a resting place, refreshments, and information, as needed. Such a place will also give drivers and others somewhere to wait when the border crossing is on alert, and during an emergency.

H. Banking and currency exchange services – As mentioned, the border crossings constitute a centre for business, and therefore require a banking centre for cashing checks, exchanging currency, and making deposits and withdrawals. A logistics centre will provide a land base for opening services in this area, including for workers returning from Israel.

I. A first aid clinic – Due to the nature of the activity and the large number of users at the border crossings, a logistic centre will answer the needs for a clinic near the border crossing.

J. Road services and maintenance for vehicles – At present, there is no solution for this problem in the area of the border crossings, but such a need exists for the vehicles reaching the border crossing. It should also be noted that there is currently a need for filling station facilities for the many vehicles reaching the vicinity of the border crossings. In time, this could develop into vehicle registration.

K. Taxi and bus station – This is needed for drivers parking their vehicles at the logistics centre and for the needs of the many users not authorized to pass through the border crossing.

Disadvantages of Building Logistics Centres

A. A central concern is that the existence of logistic centres will constitute a platform for relieving Palestinian and Israeli pressure for rapid transfer of goods, and an excuse for lack of efficiency at the border crossings. The operators of the border crossing can always find a solution, so their motivation for becoming more efficient will be reduced.

- B. A sensitive security focus** – Logistics centres will contain a large and diverse population. Their location near the border crossings is liable to credit a focus for hostile terrorist activity, with the potential to pose an immediate threat of closing the border crossing and endangering its workers.
- C. A platform for tax collection and corruption** – Since at present there is no concentration of imported goods or goods designated for export, it is difficult for the powers that be and others to enforce illegal costs on businessmen. The concentration of trade expected to take place in the logistic centres will make it easier to force new or illegal costs on users.
- D. A focus for criminal activity** – By their nature, the centres will attract huge volumes of capital and goods. There is no doubt that they will constitute focus for criminal activity such as theft, and friction between people, which are currently being prevented.
- E. Finding land for establishing the centres** – The centres will require large and important space near the border crossings. The existing options are providing a franchise to operators, who will be required to provide the needed area by legal means.

Finding land is problematic, because publishing the need for land will raise its price for the private developer while the negative effect of government intervention in expropriating land is obvious.

Summary

In this section, we have presented various aspects of the advantages and disadvantages of establishing logistics centres near the border crossings.

In our opinion, these centres are essential, assuming suitable handling of the land question to prevent the matter from causing Israeli-Palestinian friction.

We recommend a method based on the free market, according to an outline plan designed by the planning agency.

Initially, as a pilot, it is recommended to allow establishment of logistics centres in the vicinity of one border crossing, to be operated by private developers: one on the Israeli side and one on the Palestinian side. The Tarqumiya and Sha'ar Ephraim border crossing could be the pilot projects.

Chapter 5: Infrastructure and Expansion

In order to make the passage and security checks at the border crossings more efficient, additional investment in infrastructure is necessary. More border crossings should be established (Israel has already undertaken to establish some), and the supporting infrastructure at some of the current crossings should be upgraded. This chapter presents a proposal on matters that must be addressed in order to achieve this result.

The main gaps

1. The passage of goods into the Bethlehem area (including the Azaria Abu-Dis area) currently requires a 60-km journey. The location of the planned border crossing at Mazmor is unacceptable to the Palestinians. From their viewpoint, two border crossings are necessary: one in the direction of western Israel through the Beit Shemesh area in the Beitar elit area, and the other in the direction of Jerusalem and its environs, in the Azaria area.
2. The passage of goods from the south Mt. Hebron area in the direction of Beer Sheva – Daily traffic of an estimated 100 trucks a day is required on this route. Most of the goods are expected to be products of the quarries in south Mt. Hebron. The team recommends establishing a small border crossing for goods in the Yatir area - Dahariya.
3. A small border crossing in the Shoefat area will provide a local solution for the central areas of the West Bank, East Jerusalem residents living in the Shoefat refugee camp and Dahyet el-Salam in Anata.

Future capacity

Research is necessary to examine the future capacity prediction for the current border crossings, assuming that construction of the separation wall/fence have been completed, meaning that there will be no breaches, and passage of goods through the border crossings for Israelis will not be allowed. In this situation, all Palestinian imports and exports will pass through the border crossings for goods. Dr. Yaakov Garb from Ben Gurion University has conducted a similar study in the Hebron area. The results showed that the Tarqumiya border crossing cannot supply the demand, and therefore does not constitute a complete solution for the population's needs.

The planned industrial zones in the Palestinian Authority (PA) will bolster the volume of goods passing through these border crossings, since it will encourage and attract investors to create new business and also assist in expanding existing ones.

Roads

The border crossings function in effect as very large logistic centers, through which all goods entering and leaving the West Bank pass. As such, they should have a transportation connection with Israeli territory on the one hand, and with the PA's territory on the other. In general, there is no special infrastructure problem at most of the border crossings. The transportation infrastructure on the Palestinian side of the Sha'ar Ephraim crossing needs a substantial upgrade. It should be kept in mind that this territory is in Area C, in which the right to promote this, or not to do so, even if the financing is external, is in Israeli hands. This matter could be settled by allowing PA to implement the needed development.

Another transportation infrastructure issue is the need for parking on the Palestinian side of every border crossing. The team believes that there is a need to establish organized parking areas on both sides of each of the existing crossings one for the Israelis on their side and one for the Palestinians on their side too. It is understood that the major need will be on the Palestinian side.

Fuel and gas

Today there are two terminals supplying fuel and gas to the West Bank from Israel. The Kadis terminal and Na'alim terminal. They are extremely hazardous, since their location is near living compounds. Additionally they are not a component of the separation wall/fence. A terminal which includes suitable infrastructure, hoarding and loading systems should be constructed. Transportation of fuel and gas is currently planned through the Tarqumiya and Sha'ar Ephraim border crossings. The planning of suitable and safe terminals on both sides should be verified. It should also be stated that a solution for the supplying of fuel and gas need to be examined regarding centre West Bank area's. According to Mr. Mujahed Salamal, Director General at the Palestinian Finance Ministry there is an agreement by a private Israeli fuel company to invest in this matter.

Summary

Where the vicinity of the border crossings for goods is concerned, there are currently very long waiting lines on both sides. As construction of the separation wall/fence progresses and procedures are enforced at additional border crossings (for Israelis, for example), the need will grow for a substantial upgrade in infrastructure. The expected development and expansion of the Palestinian economy and the expansion of trade relations between Israel and the PA should also be taken into account.

Financing from the Israeli side should come from the Israeli budget for the separation wall/fence. Construction on the Palestinian side should come from the Palestinian government, with international assistance.

It is of course fitting that the need be professionally and academically assessed before each additional infrastructure measure. For example, the survey of Dr. Yaakov Garb, (Ben Gurion University) that focuses on the capacity of Tarqumya passage should be studied.

Annex 1: Crossing's Current Status

The following information is based on reports published by:

- Palestine Trade Center (Paltrade) : "West Bank Terminals Movement Monitoring Monthly Report"
- Israeli – Palestinian Center for Research & Information (IPCRI) and The Israeli Palestinian Business Forum's:" Guide to Investment, Trade and Cross Border Business between Israel and Palestine".
- Dr Avraham Amiel visits to the four crossings and meetings with officials at the crossings.

Gilboa - Jalameh Crossing, Districts: Jenin and North WB	Open Date: June 2006
Days and hours of activity	Sun-Thu 8:00-17:00, Fri 8:00-14:00
No. of check posts	4 fork - lifts, Mobile X-Ray Inspection Unit
Conveying methods	Platforms, LD's, Bulk
Office representative at the crossing	Customs, PLS, DCO, Israeli Police
Items that cannot be transferred	Bulk Iron, Shipment containers
Crossing Volume - Trucks (Nov. 2008)	1077
Workers passing through the crossing	3,000 Daily average
Estimated time of crossing use	02:10
Expected changes	Area of unloading for containers, Larger entrance on the Palestinian side, Larger activity area
Authority charge	Crossing Administration

Sha'ar Ephraim - A Taibeh Crossing, Districts: Qalqilia, Nablus and Tulkarem	Open Date: January 2006
Days and hours of activity	Sun - Thu 8:00-17:00, Fri 8:00-14:00
No. of check posts	X - Ray Inspection unit with a capacity of 5 trucks simultaneously, Container crane, 4 Small and one large Fork - Lifts
Conveying methods	Platforms, LD's, Bulk containers
Office representative at the crossing	Customs, PLS, DCO
Problem goods	Bulk iron, Shipment containers
Crossing Volume - Trucks (Nov. 2008)	2750-3000
Workers passing through the crossing	3,000 Daily average
Estimated time of crossing use	01:40
Expected changes	Vehicle ownership transfer route, Fuel terminal, Enlarging the entrances
Authority charge	Crossing Administration

Tarqumia Crossing, Districts: Hebron, Bethlehem	Open Date: October 2007
Days and hours of activity	Sun-Thu 7:00 - 17:00, Fri 7:00 -14:00
No. of check posts	4 Check posts, 7 small Fork - Lifts, small crane and Container X - Ray inspection unit
Conveying methods	Platforms, LD's, Containers, Tankers, Bulk (sand)
Office representative at the crossing	Customs, PLS, DCO, Environment Protection office
Items that cannot be transferred	Iron waste, Fuel, Gas, Bulk powders
Problem goods	Stone, Nylon, Types of fluids
Crossing Volume - Trucks (Nov. 2008)	3888
Workers passing through the crossing	800 Daily average
Estimated time of crossing use	02:35
Expected changes	Enlarging the access road, Adding technological means, Parking, Fuel terminal
Authority charge	Crossing Administration

Jordan Valley	Open Date: August 2007
Days and hours of activity	Sun-Thu 10:00-18:00
No. of check posts	No Data
Conveying methods	Platforms
Office representative at the crossing	Customs, PLS, DCO, Israeli Police
Items that cannot be transferred	Only agricultural goods can move through this crossing
Crossing Volume - Trucks (Nov. 2008)	N/A
Workers passing through the crossing	No Data
Estimated time of crossing use	No Data
Expected changes	N/A
Authority charge	Crossing Authority

Crops Volume and Export Revenues of Agricultural Products from the West Bank					
Area	Crops Volume	Size (Dunham)	Average Crops Growth (Per Dunham)	% Export to Israel	Revenue
Jenin (Jalameh Crossing)	87,210	32,232	2.7	45% ,(38,884)	116,652
Tubas (Jalameh Crossing)	51,866	20,316	2.6	40% (20,744)	62,838
TulKarem (Sha'ar Ephraim - A Taibeh Crossing)	35,761	6,770	3.7	36% (12,728)	38,184
Nablus (Jalameh Crossing)	10,087	4,417	2.3	29% (2,916)	8,748
QalQilia (Sha'ar Ephraim - A Taibeh Crossing)	37,223	5,240	7.1	41% (15,167)	45,501
Salfit (Jalameh Crossing)	2,687	1,673	1.6	0	0
The Jordan Valley (Bardale Crossing)	80,917	31,261	2.6	40% (32,266)	97,098
Bethlehem (Tarqumya Crossing)	7,297	2,953	2.5	0	0
Hebron (Tarqumya Crossing)	19,938	13,363	1.5	30% (5,981)	17,943
Total	332,986	118,225	26.6	128,782	386,964

Annex 2: Crossing's Map

